

CHRISTIAN ECONOMICS

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Deception of Government Intervention

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THE intellectual and moral faculties of man can thrive only where people associate with one another peacefully. Peace is the origin of all human things, not — as Heraclitus said — war. But as human nature is, peace can be established and preserved only by a power fit and ready to crush all peacebreakers.

Government or state is the social apparatus of coercion and compulsion. Its purpose is to make the world safe for peaceful human cooperation, by protecting society against attacks on the part of foreign aggressors or domestic gangsters. The characteristic mark of a government is that it has, within a definite part of the earth's surface, the exclusive power and right to resort to violence.

Within the orbit of Western civilization the power and the functions of government are limited. Many hundreds, even thousands of years of bitter conflicts resulted in a state of affairs that granted to the individual citizens effective rights and freedom, not mere freedoms. In the market economy the individuals are free from government intervention as long as they do not offend against the duly promulgated laws of the land. The government interferes only to protect decent law-abiding people against violent or fraudulent attacks.

There are people who call government an evil, although a necessary evil. However, what is needed in order to attain a definite end must not be called an evil in the moral connotation of the term. It is a means, but not an evil. Government may even be called the most beneficial of all earthly institutions as without it no peaceful human cooperation, no civilization and no moral life would be possible. In this sense the apostle declared that "the powers that be are ordained of God."

But the very existence of a government apparatus of coercion and compulsion makes a new problem arise. The men handling this apparatus too easily yield to the temptation of misusing their power. They turn their weapons against those whom they were expected to serve and to protect. The main political problem of all ages was and is: how to prevent the rulers from turning into despots and making the state totalitarian. Defense of the individuals' liberty against the encroachments of tyrannical governments, against the dangers of a totalitarian regime, was and is the essential issue of the history of Western civilization.

Now in our age the cause of totalitarianism has won new vigor through the adoption of a ruse. The radical suppression for the benefit of the supreme political authority of every individual's freedom to choose his own way is, under the labels of socialism, communism or

planning, praised as the attainment of true liberty. Those aiming at a state of affairs in which every individual will be reduced to the status of a mere cog in the plans of the "social engineers" are parading as the successors of the great champions of freedom. The subjugation of a free nation by the forces of the most tyrannical regime history has ever known is called liberation.

Faced with the tremendous challenge of totalitarianism, the ruling parties of the West do not venture to preserve the system of free enterprise that gave to their nations the highest standard of living ever attained in history. They ignore the fact that conditions for all citizens of the United States and those other countries which have not put too many obstacles in the way of free enterprise are much more favorable than conditions for the inhabitants of the totalitarian countries. They think that it is necessary to abandon the market economy and to adopt a middle-of-the-road policy that is supposed to avoid the alleged deficiencies of the capitalistic economy. They aim at a system which, as they think, is as far from socialism as it is from capitalism and is better than each of these two. They want to remove what they consider as unsatisfactory in the market economy by direct intervention of the government.

Such a policy of government interference with the market phenomena was already recommended by Marx and Engels in the Communist Manifesto. But the authors of the Communist Manifesto considered the ten groups of interventionist measures they suggested as measures to bring about step by step full socialism whereas in our time the spokesmen of the government and the politicians of the left recommend the same measures as a method, even as the only method, to salvage, as they say, capitalism.

The advocates of interventionism or government interference with the market protest that they do not want socialism, but rather to retain private ownership of the material factors of production, free enterprise and market exchange. But they assert that these institutions of the market economy could be easily misused and are often misused by the propertied classes for an unfair exploitation of the poorer strata of the population. To prevent such an outcome they want to restrain the discretion of the individuals by governmental orders and prohibitions. The government should interfere with all those actions of the businessmen which it considers as detrimental to the public interest. In other respects it should leave the market alone.

As according to this doctrine the government alone is called upon in every single case to decide whether or

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not the "public interest" requires a government intervention, the real meaning of the interventionist principle amounts to the declaration: business is free to act as long as what it does exactly complies with the plans and intentions of the government. Thus nothing is left to the market than the right to execute meekly what the government wants it to do. Nothing remains of the market economy but some labels while their meaning is radically altered.

The interventionist doctrine fails to comprehend that the two systems—the market economy of consumers' supremacy and the government directed economy—cannot be combined into a practicable compound. In the market economy the entrepreneurs are unconditionally subject to the supremacy of the consumers. They are forced to proceed in such a way that their operations are approved by the purchases of the consumers and thus become profitable. If they fail in these endeavors, they suffer losses and must, if they do not succeed in amending their methods, go out of business. If the government prevents the entrepreneurs from choosing those projects that the consumers wish them to execute, it

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does not yet attain the ends it wanted to attain by its order or prohibition. Both producers and consumers are forced to adjust their behavior to the new state of affairs as brought about by the government's intervention. But it may happen that the way in which they react appears in the eyes of the government and the advocates of its interference as still less desirable than the previous state of the unhampered market that the government wanted to alter. Then the government, if it does not want to abstain from any intervention and to repeal its first measure, is forced to add to its first intervention a new one. And then the same story repeats itself again at another level. Again the outcome of the government's intervention appears to the government as even more unsatisfactory than the preceding state that it was designed to remedy.

Thus the government is forced to add to its first intervention more and more decrees of interference until it has actually eliminated any influence of the market factors—entrepreneurs, capitalists and employees as well as consumers—upon the determination of the ways of production and consumption.

lation inevitably results in a rise in all commodity prices or, what is merely another way of describing the same effect, in a drop in the monetary unit's — the dollar's — purchasing power. But he argued that the wage earners will acquiesce in "a gradual and automatic lowering of real wages as a result of rising prices." It is obvious that Keynes thus fully admitted that nothing but a lowering of real wage rates can do away with unemployment. The inflation which he recommended was designed as a clever trick to cheat the workers. He expected that they will not be shrewd enough to realize that real wages did drop and that they therefore will not ask for higher pay to compensate for the reduction in the monetary unit's purchasing power.

Keynes failed entirely to see that the decades of recklessness inflation have made everybody — the newspapers, the average man, the housewives, and the workers and union leaders — index conscious. His assumption under-

badly run" — and, we add, day. If other factors are weighted against a free society will outlast, out-produce any totalitarian nation is not a source of incommonly charged. Free-of efficiency and strength! **another imponderable**, the will destroy a nation. This last ministers declare from few people take seriously. Marshal Petain explained the

matters, has been called by of American Small Business to be held June 3, 4 and Mayflower Hotel, Washington. **NATIONAL SECURITY** explore the present status national defense efforts in Communist enemy. For information regarding the program, etc., write to the Latimer, Conference of Business Organizations, 4 Street, Chicago 5, Illinois.

J. FLYNN

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